Federal Auditors Probe Wheat Deal

FPost 9-29-72

WASHINGTON (AP) — Federal auditors probing the U.S.-Soviet wheat deal were asked Thursday to decide whether there can be recovery of profits which grain traders may have made because of illegal access to inside information.

Rep. John Melcher, D-Mont., in submitting this request to the General Accounting Office, offered to ask the House Agriculture Committee to subpoena the records of companies, if necessary, or to introduce legislation giving GAO necessary powers.

Melcher is a member of a House Agriculture subcommittee investigating the grain deal and the Nixon administration's handling of various aspects of the transaction. GAO is probing the Agriculture Department's role in the sales by U.S. firms.

Sen. Lloyd Bentsen, D-Tex., called on the Justice Department to convene a special grand jury to investigate whether former assistant Secretary of Agriculture Clarence D. Palmby violated conflict of interest laws in connection with the grain deal.

In a statement, Bentsen said the evidence indicates that Palmby "was negotiating with Continental Grain Co. for a job at the same time that he was negotiating a trade agreement with the Soviet Union."

And subsequently, he said, Palmby went to work for the grain company, which sold a large amount of grain to Russia as a result of the agreement.

Melcher asked GAO to advise him of the "possibility of executive or legal action to recover all profits which any grain traders may have made" in sales to the Soviet Union "as a result of their inside information, or illegal access to inside information, including profits accruing as a result of:

—"Their ability to buy wheat cheap from producers, local elevators and cooperatives from whom information was withheld.

—"Their purchase at advantageous prices of contracts for future delivery of wheat in the commodity exchanges of the nation.

—"Government commitments to pay export subsidies on the wheat sold."